

Due to an error in the original payment formula for outpatient services, Medicare beneficiaries pay higher copayments for hospital outpatient services than for any other treatment in Medicare. Congress has taken steps to lower these overcharges, but without further legislation, it will take more than 20 years for the payment level to reduce to the 20% cost-sharing of most other services.

“Outpatient hospital services are tremendously expensive and many seniors cannot afford the supplemental insurance or existing copayments necessary to pay for them,” Rep. Stark said. “This bill will reduce the inequitable costs that Medicare participants must pay for their health care and will relieve the financial burden imposed on many seniors that are barely able to get by on a limited income.”

For most Medicare services, beneficiaries are required to pay 20 percent of the allowed payment amount while Medicare pays 80 percent. However, the co-payment required for hospital outpatient services is typically 50 percent and can be as high as 90 percent for some services. Copayment is frequently highest for services that involve more advanced technology, such as radiology and chemotherapy. High coinsurance rates are particularly devastating for Medicare beneficiaries that are close to the poverty level and who have no supplemental insurance. Moreover, the number of Medicare beneficiaries without supplemental insurance grows each year as premiums for such insurance policies increase.

Current law will gradually reduce the level of copayment for these services to 20 percent in 2029, but this does not help the seniors who cannot afford these costs now. The Medicare Outpatient Copayment Reduction Act of 2001 would accelerate the reduction of this copayment to reach 20 percent by 2010, allowing many Medicare participants to pay for critical outpatient hospital services they might not otherwise be able to afford.

Rep. Stark concluded, “This is a simple bill. For too long, we have overcharged seniors for outpatient services. They shouldn’t have to wait another 26 years before these services are fairly priced. This is an incremental approach that lowers the copayment level to 20% by 2010. It’s a small but important step to help seniors afford needed medical care. I look forward to working with my colleagues to enact this legislation as soon as possible.”